

PNM format for Contract
Modification

CEPOF- ____-____

PRICE NEGOTIATION MEMORANDUM,
Contract No. DACA81- ____-C-____,
FY____, MCA*, _____
_____, Korea _____
Change Item No. _____

1. SCOPE OF CHANGE:

Furnish (Delete) all necessary plant, labor, material (except Government-furnished property(ties)), equipment, transportation and supervision, and (perform) (provide) (revise) (change)

2. NAME OF CONTRACTOR:

3. REASON CODE ** AND NECESSITY FOR CHANGE:

4. REASON FOR OMISSION FROM ORIGINAL PLANS AND SPECIFICATIONS:

* Use correct program, i.e., MCP, OMA, OMAF, NAF, etc.

** From BCD, e.g., U1, C9, U4, K8, etc.

5. AUTHORITY:

Clause (52.211-18, "VARIATION IN ESTIMATED QUANTITY"); (52.242-14, "SUSPENSION OF WORK"); (52.236-2, "DIFFERING SITE CONDITIONS"); (52.243-4, "CHANGES"); (52.248-3, "VALUE ENGINEERING-CONSTRUCTION"); and (52.249-10, "DEFAULT (FIXED-PRICE CONSTRUCTION)"), of the Contract clauses.

6. EVENTS LEADING TO NEGOTIATIONS:

a. By Serial Letter No. CEPOF-_____, dated _____ 200____, the Contractor was given a set of drawings, (and specifications, and _____) for this change item and was requested to submit his price proposal accordingly.

b. In response to this Request for Proposal, the Contractor submitted a proposal on _____ 200____, in the amount of W_____ and \$_____ (increase) (decrease). (The Contractor also requested a time extension (a separate time allowance) of _____ calendar days for _____.) (The Contractor did not request time extension.)

7. INDEPENDENT GOVERNMENT ESTIAMTE (IGE):

a. The (original) IGE approved on _____ 20____, (was) is W_____, and \$_____ for offshore procurement. (The original IGE was not revised.)

(Note: In the event of revised IGE is used.)

a. The original IGE was revised to _____. The revised total amount is W_____ and \$_____ for offshore procurement.

(b. The (original) (and revised) IGE was (were) based on an exchange rate of W_____ to one U.S. dollar, whereas, negotiations were based on W_____ per dollar for offshore material procurement. However, the (original) (and revised) IGE(s) was (were) not revised (again) due to the insignificance of the change which was felt would not warrant the administrative burden involved. The (original) (1st) (revised) IGE, if revised, will be slightly (higher) (less) due to the approximate _____% difference in the exchange rate for offshore materials.)

(Note: In the event of the negotiated amount is greater than the approved IGE amount use b. below.)

b. The (original) (and revised) IGE(s) was (were) based on a conversion rate of W_____ to one U.S. dollar for offshore procurement, whereas, negotiations were based on W_____ to one U.S. dollar for offshore material procurement. The IGE amount, if adjusted/revised for the same conversion rate on which negotiations were based for offshore material procurement, will be W_____, calculated as follows:

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Total Won amount of (original) (revised) IGE W_____ (1)
 Total Dollar amount for offshore procurement in
 (original) (revised) IGE \$_____ (2)
 Increase in direct costs in Won due to conversion rate
 from W_____ to _____/U.S. dollar for offshore
 material procurement: (2) X (W_____ - W_____)
 = \$_____ x W_____ W_____ (3)
 Increase to G&A (4.3%) = (3) x 0.043 (? : IGE Rate) W_____ (4)
 Increase to Profit (_____ %) = ((3) + (4)) x 0.08 (? : IGE Rate) W_____ (5)
 Total Increase due to Change in Conversion Rate: (4) + (5) W_____ (6)
 Total Amount of (original) (revised) IGE: (1) plus (2)..... W_____, plus \$_____ (7)
 Adjusted total Won Amount: (1) + (6) W_____ (8)
 Adjusted total IGE W_____, plus \$_____

TOTAL ADJUSTED IGE IN WON AMOUNT: (8) + ((2) x W_____ /\$) = W_____ (*)

(Note: In the event of the amount of change is less than \$100,000 (aggregate sum of increase and decrease) and no IGE prepared use a. below.)

a. In accordance with FAR 36.203(a), the (Administrative) Contracting Officer elected not to prepare an IGE and based pricing upon, and examination of, the Contractor's proposal.

8. PRENEGOTIATION OBJECTIVE PRICE:

In accordance with FAR 15.406-1(b), on _____ the Contractor's price proposal was reviewed/analyzed and a prenegotiation objective price in the amount of W _____ plus \$ _____ with _____ profit for this change was established as shown on the summary sheet of the attached Contractor's price proposal (See TAB ____).

9. RESUME OF NEGOTIATIONS:

a. Place and Date of Negotiations:

(_____ Resident Office,)
 (Construction Services Branch, Construction Division,)
 USAEDFE, _____ 200__ to _____ 200__

b. Contractor Representative(s) (Name and Title):

c. Government Representative(s) (Name and Title):

Mr. _____, Civil Engineer (Technician),
(CRO) (NRO) (SRO), (TRO), USAEDFE

Mr. _____, Civil Engineer (Technician),
(CRO) (NRO) (SRO), (TRO), USAEDFE

d. Justification of Prices:

(1) The Contractor's proposal, which was screened against the IGE, was found to be (excessive) (reasonable). The IGE was used as the basis for determining the total fair and reasonable price for this negotiation.

(2) At the start of negotiations, the scope of work was thoroughly discussed with the Contractor to avoid misunderstandings and to reconcile any differences in quantity takeoffs when comparing the proposal against the IGE. During the discussions, the Contractor _____

Results of these discussions are as follows:

(a) Reduced total offshore material cost of _____

(b) Reduced total local material cost of _____

(c) Reduced the proposed labor rates and number of man-days _____

(d) Reduced transportation and equipment cost (, including the POL requirement,) _____

The proposed _____ liters of gasoline and _____ liters of diesel were (reduced to _____ liters and _____ liters, respectively.)
(evaluated and accepted as proposed.)

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(e) The Contractor's proposed total overhead cost of W___ was questioned and discussed in detail since it was considered to be excessive. After much discussion, a price of W_____ (___ % of the total direct cost) for this negotiation was agreed upon.

(f) A profit rate of ___% was agreed upon and is based on the EFARS 15.973-100. (See POF Form 19 included in the IGE.) (See POF Form 19 attached to the Contractor's proposal.)

(g) The above agreements resulted in reducing the Contractor's total proposal as follows:

	<u>(Revised)</u> <u>Proposed Amount</u>		<u>(Revised)</u> <u>IGE Amount</u>		<u>Negotiated</u> <u>Amount</u>
Total Direct Cost	W		W		W
Overhead	W		W		W
Profit	W		W		W
Total Amount in Won including Offshore CFM	W_____		W_____		W_____
Total Won Amount excluding Offshore CFM	W	*	W	*	W
Total Dollar Amount for Offshore CFM	\$	*	\$	*	\$
Total Amount in Dollar Converted for Comparison at the Exchange Rate of W_____/ \$1.00	\$	*	\$	*	\$

The negotiated increase (decrease) in contract price of W_____, plus \$_____ is less (greater) than the IGE amount as shown above.

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(Note: *The difference is due to the Contractor's considering certain materials) (i.e., _____

_____,
etc.) as offshore (local) purchases, whereas, the IGE considered them as local (offshore) procurement. These items were found to be unavailable (available) on the local market and were considered as offshore (local) materials during negotiations. However, the negotiated total amount in Won is less than the Government Estimate.)

(h) During negotiations, it was agreed that the Contractor will turn in to the Government the (following materials) (materials listed on the enclosure ____) purchased under the original contract which have become excess to the contract requirement as a result of this modification.

Item No.	Description	Unit	Q'ty	Unit Price	
				*Dollar Amount	**Won Amount

* CIF Korean Port.

** Material handling, inland transportation, profit, and other incidental Won cost.

(i) Adjustment for requirement of POL products to be exempted from Korean Special Excise Tax, is not required nor requested by the Contractor for changes effected herein.

e. Period of Service:

(1) The Contractors proposal and IGE(s) are not based on overtime rates.

(2) (Analysis for: No Time; Extension of CCD; Separate Completion Date)

(2) Since there is sufficient time remaining to complete the additional work (to perform the changes) covered by this modification within the present contract completion date of _____ 200____, no adjustment to contract performance time is considered necessary due to changes covered by this modification (nor requested by the Contractor.)

(2) The Contractor's request for _____ calendar days (time extension) (performance time) was reviewed based on the approved NAS diagram, and discussed with the Contractor.

(3) The present contract completion date of _____ 200__ (The present performance time of _____ calendar days) for _____ (is extended by ____ () calendar days based on the following work schedule:) (is extended to _____ 200__ based on the approved NAS diagram and following work schedule:) (is extended to ____th day from the effective date of modification for this change item based on the approved NAS diagram and following work schedule:)

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Present contract completion	
Date the Contractor acknowledged the Written Order	
Expected date of issuance of this modification	
Submit catalog cuts/samples/shop drawings	cal days
Government approval	cal days
Procure and deliver	cal days
Open letter of credit and place order	cal days
Manufacture and deliver to port	cal days
Ocean shipment	cal days
.....	cal days
.....	cal days
Test and Clean-up	cal days
Total.....	cal days

_____ calendar days from ____ 200_____, the date the Contractor acknowledged the Notice to Proceed (, the expected date of issuance of this modification) is ____ 200_____ or ____ calendar days from the present completion date of _____ 200_____.

No separate completion date is established since the _____ and already been completed and turned over to _____ Using Agency on _____ prior to the present contract completion date of _____.

(2) A separate performance time of _____ () calendar days for the work covered by this modification, only, is considered equitable and is based on the following work schedule:

Submit catalog cuts/samples/shop drawings	cal days
Government approval	cal days
Procure and deliver	cal days
Open letter of credit and place order	cal days
Manufacture and deliver to port	cal days
Ocean shipment	cal days
.....	cal days
.....	cal days
Test and Clean-up	cal days
Total.....	cal days

With the establishment of (a) separate completion date(s) for the work covered by this modification, and in view of the severable nature of the units of facilities involved, the rates of (W)(\$)_____per day of liquidated damages for all the work covered by paragraph (SC-33 ?), "LIQUIDATED DAMAGES – CONSTRUCTION", of the Special Contract Requirements were readjusted in accordance with the Clause 52.211-13, "TIME EXTENSION", of the Contract Clauses in consideration of the respective contract amounts and supervisory burdens as follows:

All work under the contract except work under paragraphs _____ through
 _____ of the SPECIAL CONTRACT REQUIREMENTS W
 All work covered by this modification W
 Total W

Liquidated damages will be assessed at the rate of (W)(\$) _____ per day based on the following:

American Inspector	Hrs	@ W	= W
Korean Inspector	Hrs	@ W	= W
Transportation and Other Costs			= W _____
Total.....			(W _____)(or

\$ _____ at the exchange rate of W _____/\$1.00)

f. During negotiations, the Contractor also agreed that the above negotiated increase (adjustment) in contract price of W _____, plus \$ _____ for offshore procurement, and time extension (allowance) of _____ calendar days shall be considered as complete settlement of this change and that no further claim whatsoever arising out of the (suspension of work as it pertains to the Suspension of Work Order, Serial Letter No. CEPOF-____, dated _____, 200_____) (delay in performance of the contract work as it pertains to the change(s) covered by this modification) shall be submitted.

(Delay costs were not claimed by the Contractor nor allowed under this modification.)

g. The prenegotiation objective price of W _____, plus \$ _____ for offshore CFM stated in the preceding paragraph 8 was achieved.

9. AVAILABILITY OF FUNDS:

Funds in the amount of W _____, plus \$ _____ for offshore CFM procurement, (are available as indicated below:) (will be credited to☺)

Accounting and Appropriation Data:

10. CONCLUSION OF NEGOTIATIONS:

a. At the conclusion of negotiations, the following items were mutually agreed upon as being fair and reasonable:

(1) The contract price will be (increased) (decreased) by W _____, plus \$ _____ for offshore procurement.

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(2) (The present contract (performance time of) (completion date of) _____

_____.
(2) (A separate time allowance of _____ calendar days is allowed for work under this modification only from the date of signing by the (Administrative) Contracting Officer. The present performance time(S) for the remainder of the work (building(S)) under the contract will remain unchanged.

(3) Liquidated damages will be assessed at the rate of W _____ per day of delay.

(4) The Contractor shall turn in to the Government the materials (listed) (mentioned) in paragraph ____ above which have become excess to the requirements of the contract due to this modification. In the event the Contractor fails to turn in any or all of the items listed above, the Contractor will be charged for an amount equal to the cost of each item not turned in computed at the respective unit price indicated above. Further, all the materials to be turned in to the Government shall conform to the respective specifications and other requirements specified in the contract.

(5) (No adjustment to requirement of POL product to be exempted from Korean Special Excise Tax will be made as a result of the changes covered by this modification.)

(Upon receipt of request from Contractor, the Contracting Officer will issue additional USFK POL Exemption Coupons as defined in the "Exemption from Korean Taxes for POL products used on This Contract" clause of the Part Special Contract Requirements of the contract, but not to exceed the quantity indicated below:

<u>Item</u>	<u>Unit</u>	<u>Quantity</u>
Regular Gasoline	Liter	
Diesel	Liter	

(6) Applicable only when mod is being issued under default and/or suspension clauses.

(6) This modification shall be issued under Contract Clauses 52.242-14 and 52.249-10 in addition to Contract Clause 52.243-4, in order to preclude any future claims for the work performed under this modification.

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b. The Contractor was informed that the foregoing agreement was not final and binding until approved by the (Administrative) Contracting Officer.

Prepared &
Submitted by: _____
(Typed Name & Title)

(Approval
Recommended by: _____
(Typed Name)
Project/Resident/Engineer)

Approved by: _____
(Administrative) Contracting Officer